

NEW ENTERPRISE CREATION TAX CREDIT

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

PURPOSE

To generate investment for new, startup Missouri businesses that have not developed to the point where they can successfully attract conventional financing or significant venture capital from later-stage funds.

AUTHORIZATION

Sections 620.635 – 620.653 RSMo.

HOW THE PROGRAM WORKS

The Department of Economic Development (DED) will issue tax credits to any accredited individual, corporation, partnership or financial institution who makes a qualified investment in a qualified fund equal to 100% of the investment.

DED has formed the Missouri Seed Capital Investment Board to establish a qualified fund. The Board is comprised of thirteen members, eight of which are appointed by the Governor.

Following a six-month competitive process, a Fund Manager was selected by the Board to raise the contributions and manage the investments of the fund. The Fund Manager has entered into a contract with the four Innovation Centers, as required by statute. Investors in the qualified fund will also be required to invest in a non-qualified parallel fund.

The Fund Manager will make investments in qualified Missouri businesses in need of early-stage or “seed” funding subject to DED concurrence that the investment meets regulatory requirements

ELIGIBLE AREAS

Statewide.

ELIGIBLE APPLICANTS

Any independently owned and operated business that is headquartered and located in Missouri and maintains a Missouri headquarters for at least three years. The business must be involved in commerce for the purpose of production, conducting research and development or providing services in interstate commerce. The focus is on early stage (seed) businesses in the startup or pre-development phase.

ELIGIBLE USE OF FUNDS

Seed capital investments made through this program may be used for research; development and precommercialization activities to prove a concept for a new product, process or service; preproduction product development; service development; or initial marketing of a product.

ELIGIBLE USE OF TAX CREDITS

DED provides the investor a tax credit equal to 100% of their investment in the qualified fund. The tax credit may then be used to offset state income tax (chapter 143, RSMo), corporate franchise tax (chapter 147, RSMo) or financial institution tax (chapter 148, RSMo) liability, other than taxes withheld pursuant to sections 143.191 to 143.265, RSMo.

DED may authorize up to \$20 million in tax credits for use by the qualified fund, with no more than \$5 million of tax credits being issued in any one year.

Tax credits may be claimed for the tax year in which the qualified contribution is made or in any of the following ten years.

Tax credits may be sold and transferred to another taxpayer having the same tax liability.

APPLICATION PROCEDURE/APPROVAL METHOD

Business: The business seeking a “seed” investment may apply to the Fund Manager or may contact the DED. Investments in the business will be approved by the Fund Manager.

Investor: A qualified fund investor is required to fill out Missouri Form 620-635 and return the completed form to DED for approval and certification. DED will issue a tax credit certificate authorizing the applicant to claim the tax credit.

FUNDING LIMITS

No more than 10% of all of the qualified investments to the qualified fund or \$2 million may be invested in a single qualified business.

SPECIAL PROGRAM REQUIREMENTS

The seed capital and commercialization strategy must be adopted by the Missouri Seed Capital Investment Board before contributions are made or tax credits are authorized. The Board has adopted the strategy.

Investments shall not be provided to any business that has experienced positive cash flow in a past fiscal year, with the exception of follow-up capital limited to qualified businesses that previously received qualified investments. No more than 40% of qualified contributions may be used for follow-up capital purposes.

No qualified contributions which generate tax credits before the second round of tax credit allocations can be used for follow-up capital investments.

CONTACT

DED Office of Business Finance
301 W. High Street, PO Box 118
Jefferson City, MO 65102
Phone: 573-522-5821
Fax: 573-526-1567

OTHER SERVICES OF DED

DED REGIONAL OFFICES

St. Louis (314) 340-6823
Kansas City (816) 889-2900

Trenton (660) 359-5960
Springfield (417) 888-4001
Moberly (660) 269-8802
Dexter (573) 624-9950
Houston (417) 967-5770
Jefferson City (573) 751-0482

RELAY MISSOURI SERVICE

Voice user calling a hearing/speech impaired user:
800-735-2466.
Hearing/Speech impaired user calling a voice user:
800-735-2966

ASSISTANCE TO EMPLOYERS

DED's Division of Workforce Development works in collaboration with its one-stop career system partners to offer workforce development assistance to job seekers and employers. By using the State's network of one-stop career centers, customers can access America's Job Bank, seek referral and placement assistance, career counseling and testing, labor market information and use Missouri WORKS!, an Internet based, self-service workforce development tool. To find your nearest Division of Workforce Development location, consult your telephone directory under State Government or visit <http://www.ecodev.state.mo.us/wfd>

MISSOURI MARKET PLACE

Information on thousands of Missouri-made products and services designed to encourage both in-state and out-of-state businesses and consumers to buy Missouri-made products. Registration is free and open to any Missouri-based company. To search the database or register your company, visit: <http://www.missourimarketplace.org>

INTERNATIONAL MARKETING

DED's Office of International Marketing works to make companies aware of international opportunities and help them secure new business. For more information on the services available, please call (573) 751-4855 or 1-888-690-4855, by e-mail at missouri@mail.state.mo.us, or visit: www.ecodev.state.mo.us/intermark.